

DMRS

Comcare, Inc.



Department of Finance and Administration
Division of Mental Retardation Services



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF MENTAL RETARDATION SERVICES
ANDREW JACKSON BUILDING, 15TH FLOOR
500 DEADERICK STREET
NASHVILLE, TN 37243
PHONE: (423) 234-0273 FAX: (423) 234-0273

DAVE GOETZ
COMMISSIONER

February 17, 2005

Dr. John T. Johnson, Executive Director
Comcare, Inc.
1705 W. Main Street
Greeneville, Tennessee 37743

Dear Dr. Johnson:

Staff from the Department of Finance and Administration (F&A), Division of Mental Retardation Services (DMRS), conducted an on-site review of Comcare, Inc. beginning on February 8, 2005.

Attached is the monitoring report for Comcare, Inc. relating to two of the contracts it has with the Department of F&A, Division of Mental Retardation Services (DMRS).

We appreciate the assistance provided by your agency during the course of the review. If you have any questions, please call me at (423) 234-0273

Sincerely,

Joyce Branch, CPA
Auditor II
DMRS Internal Audit

cc: Debra Dunn, F&A, DMRS
Fred Hix, F&A, DMRS

Monitoring Report for Comcare, Inc.

Monitoring Objectives.....	4
Results of Monitoring.....	5
Corrective Action	8
Appendix	9

Monitoring Objectives

Staff from the Division of Mental Retardation Services conducted monitoring of Comcare, Inc. Monitoring included a review of one of the contracts with the Department of Finance and Administration, Division of Mental Retardation Services. Refer to the *Appendix* for a listing of the contract monitored.

The monitoring review was conducted in accordance with Department of Finance and Administration's *Policy 22, Subrecipient Monitoring*, and the *Tennessee Subrecipient Monitoring Manual*.

Monitoring objectives were:

- To obtain reasonable assurance that the agency is a going concern
- To assess the reliability of internal controls
- To test the reliability of the financial reporting
- To test if costs are allowable
- To verify contractual compliance

A monitoring review is substantially less in scope than an audit. The financial statements were not audited and accordingly, DMRS does not express an opinion or any assurance regarding the financial statements of Comcare, Inc.

Results of Monitoring

FINDING

1. The sub-recipient did not have adequate documentation to support billings.

Section A.2. e. (4) of the DMRS Provider Agreement states, "Service Recipient Records shall be adequate to support the service units billed." DMRS may recoup funds in those instances where it is found that services were not provided and/or were not adequately documented.

The 1998 Mental Retardation Services Operations Manual, Chapter 5, page 47, requires that services billed be adequately documented.

The sub-recipient billed 4 units in November 2004 for conservator services rendered to Mary Katherine Danner. Auditor could not trace and verify actual conservator services for this period. REF: XI/2b

Questioned Costs \$124.00

The sub-recipient billed 7.75 units in November 2004 for conservator services rendered to Jonathan Morris. Auditor could not trace and verify actual conservator services for this period. REF: XI/2c

Questioned Costs \$240.25

The sub-recipient billed .75 units in November 2004 for conservator services rendered to Richard Lyle. Auditor could not trace and verify actual conservator services for this period. REF: XI/2d

Questioned Costs \$ 23.25

The sub-recipient billed .25 units in November 2004 for conservator services rendered to Kenneth Dodson. Auditor could not trace and verify actual conservator services for this period. REF: XI/2e

Questioned Costs \$ 7.75

The sub-recipient billed 3.25 units in November 2004 for conservator services rendered to Alice Stills. Auditor could not trace and verify actual conservator services for this period. REF: XI/2f

Questioned Costs \$100.75

The sub-recipient billed 4.75 units in November 2004 for conservator services rendered to Lester Carpenter. Auditor could not trace and verify actual conservator services for this period. REF: XI/2g

Questioned Costs \$147.25

The sub-recipient billed 16 units in November 2004 for conservator services rendered to Mary Exum. Auditor could not trace and verify actual conservator services for this period. REF: XI/2h

Questioned Costs \$496.00

The sub-recipient billed 3 units in November 2004 for conservator services rendered to Robert Eddie McCall. Auditor could not trace and verify actual conservator services for this period. REF: XI/2i

Questioned Costs \$ 93.00

The sub-recipient billed 1 unit in November 2004 for conservator services rendered to Judy Mammarelli. Auditor could not trace and verify actual conservator services for this period. REF: XI/2j

Questioned Costs \$ 31.00

Note: These advocacy notes, related to findings #1 thru #9, had no units per service rendered nor any time service began or ended. There was no audit trail.

The sub-recipient billed 2.25 units in November 2004 for conservator services rendered to Martha Shane. Auditor traced and verified actual conservator services for this period to be 1.5. REF: XI/2k
Questioned Costs \$ 23.25

The sub-recipient billed 2.5 units in November 2004 for conservator services rendered to Yolanda Battee. Auditor traced and verified actual conservator services for this period to be 2. REF: XI/2l
Questioned Costs \$ 15.50

NOTE: Some hours after receiving overnighted advocacy notes for this client the representative faxed another copy of the already received notes. The second copy was altered from the first version to include .5 units on a day that wasn't documented on originally submitted note. REF: XI/2l

The sub-recipient billed 2.5 units in November 2004 for conservator services rendered to Regina Short. Auditor traced and verified actual conservator services for this period to be 1.75. REF: XI/2m
Questioned Costs \$ 23.75

The sub-recipient billed 4.75 units in November 2004 for conservator services rendered to Tracy Fryer. Auditor traced and verified actual conservator services for this period to be 2.5. REF: XI/2n
Questioned Costs \$ 69.75

The sub-recipient billed 6.75 units in November 2004 for conservator services rendered to Connie Jones. Auditor traced and verified actual conservator services for this period to be 6. REF: XI/2o
Questioned Costs \$ 23.25

The sub-recipient billed 4.75 units in November 2004 for conservator services rendered to David Romaine. Auditor traced and verified actual conservator services for this period to be 2.25. REF: XI/2p
Questioned Costs \$ 77.50

The sub-recipient billed 5 units in November 2004 for conservator services rendered to Jasper Walton. Auditor traced and verified actual conservator services for this period to be 4. REF: XI/2q
Questioned Costs \$ 31.00

TOTAL QUESTIONED COSTS \$1,527.25

2. Agency did not comply with contractual requirements governing the utilization of subcontractor agreements.

DMRS Contract 04-467 Section D.5 states "The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the DMRS. Approval by TennCare may be required for subcontracts as specified in TennCare policy. If such subcontracts are approved by DMRS (and TennCare, if necessary in accordance with TennCare policy), they shall contain, at a minimum, Paragraphs A.2b, A.2c, A.2e, D.6, D.7, D.8, D.11, E.2, E.3, E.10, E.12, E.13, E.14, E.15, E.21, E.22 and E.24 of this contract." The contract further states "The Contractor further agrees that it will not subcontract for Medicaid Waiver services under this Contract unless the subcontract contains, at a minimum, the following elements: a thru i as stated in contract.

Agency has several subcontractors rendering various services to clients. These findings are related to two services rendered by subcontractors. One service rendered to clients is a sole source contractor who refused to sign the contract compliant subcontractor agreement. The agency altered the subcontractor agreement to secure the service for clients from the sole source of this service available to agency. The other service provided to agency through the subcontractor agreements in question were for foster care services which required language specific to that service. Agency altered contract compliant subcontractor agreement to accommodate the required language for this specific type of service.

OBSERVATION

1. Auditor observed that many of the submitted advocacy notes had billing units that were altered in the notes. Auditor noted that of the forty-eight clients, selected in random sample, three sets of notes had units that had obvious alterations. One additional submitted note from representative was faxed in a duplicate note to corporate with an additional day added that was not included in the originally submitted notes. Further, many of the submitted notes only had units in the review period. There were no units recorded in previous months, documented on the same pages, nor in the following periods recorded on the same pages as the review period. These units appeared to have been added to notes as an after thought to fulfill review requirements before being submitted to auditor located at corporate site. These observed notes coupled with the notes that reflected finding deficiencies equated to thirty-eight percent (38 %) of reviewed notes, in randomly selected sample for the Guardianship contract, had noted deficiencies. REF: XI/2l, 2m, 2n, 2o, 2p, 2q, 2r, 2s

2. Auditor ascertained in interview with Executive Director that agency staff is not billing based on actual units utilized while rendering contract compliant services to consumers. Staff utilizes agency set units based on activity, not on actual time utilized during the rendering of that particular service.

Corrective Action

Comcare, Inc. must submit a corrective action plan outlining strategies to correct findings within 30 days of this report to:

Nancy Krahenbill
Division of Mental Retardation Services
Greenbriar Cottage
5908 Lyons View Drive
Knoxville, TN 37919

Appendix

Subrecipient: Comcare, Inc.

DMRS monitored the following contracts during the review:

Service Provided	Contract Number	Contract End Date	Full Contract Maximum Liability
Medicaid Waiver	05	6/30/05	NA

CORE MONITORING AREAS

TABLE OF CONTENTS

Report	R
Planning	PL/1-8
I. Activities Allowed or Unallowed	NOTE 1
II. Allowable Costs / Cost Principles	II/1-4b
II. Cash Management	NOTE 2
III. Davis-Bacon Act	NOTE 2
IV. Eligibility	NOTE 1
V. Equipment And Real Property Management	NOTE 2
VI. Matching, Level Of Effort, Earmarking	NOTE 2
VII. Period Of Availability Of Funds	NOTE 2
VIII. Procurement, Suspension And Debarment	NOTE 2
IX. Program Income	NOTE 2
X. Real Property Acquisition And Relocation Assistance	NOTE 2
XI. Reporting	XI/1-2s
XII. Special Tests and Provisions	XII/1-2
XIII. Title VI	XIII/1
EOR	EOR/1-2

NOTE: The program core areas are reviewed by other sections of the program division in DMRS. Therefore, testing in the core areas of Activities Allowed and Unallowed and Eligibility as outlined in Finance and Administration's *Policy 22 Subrecipient Monitoring*, and the *Tennessee Subrecipient Monitoring Manual* was not completed in this review for the program components of this/these contracts and these sections are not included in the working papers.

NOTE 2: The multi-service contracts are fee for service based. The objective of this review was to verify supporting documentation for services invoiced. Therefore, the other sections are not applicable for this contract and are not included in the working papers.

PLANNING PROCEDURES - Complete this and following sections before and during the monitoring engagement.

Planning Procedures

1. Notify the agency of the date fieldwork will begin, provide a list of items needed for the review and schedule a preliminary visit should that be deemed necessary.
2. Document contact or attempted contact with any collateral(s) including the grantor.
3. Conduct an on site preliminary visit **if deemed necessary**. Develop an understanding of the programs, assess Internal Controls (Financial and Administrative, assess the risk, assign a Lead Monitor).
4. **If applicable**, prepare a monitoring planning memo detailing the results of the preliminary visit which may include recommendations for staff and time requirements and specific monitoring procedures.
5. Supervisor the monitoring process.
6. Determine that each monitor is independent relative to the monitoring engagement. Have each member of the team sign the **Conflict of Interest** form.
7. Review the actual contract(s). Document your review of the contract(s) by narrative and/or by highlighting significant areas.
8. Document the review of the most recent monitoring report. Share important matters that come to your attention with all team members.
9. Conduct a monitoring planning conference with all team members. Confirm objectives of the engagement and share with team members. Assign monitoring tasks to team members.
10. Conduct an Entrance Conference – The document, **Entrance Conference Memorandum**, provides guidance.

NA	Initials	WP Reference
	JB	PP/1
	JB	PP/2
NA		
NA		
	JB	
	JB	PP/3
	JB	PPC/4
	JB	PP/5
NA		
	JB	PP/6

The objective of the test of Allowable Costs/Cost Principles is to provide assurance that costs reported under the grant program are allowable and consistent with the provisions of the state agency guidelines and OMB Circular A-122 and/or A-87.

II. ALLOWABLE COSTS / COST PRINCIPLES

1. Review documentation relevant to the contract(s) such as fiscal manuals, applicable federal circulars and other documentation regarding allowable costs.
2. Review the latest audit report as well as current internal financial statements. Document any important matters identified during the review.
3. Determine the solvency and financial viability of the subrecipient.
4. Determine methods of accounting and if bookkeeping is up to date.
5. Assess Internal controls as necessary to understand the process regarding subrecipient charges to the grant(s).
 - a) Client Funds Internal Control Guide
6. Test a sample of transactions for allowability of program costs. Document testing of the sample (list items tested and attributes tested) and the method used to select the sample.

NA	Initials	WP Reference
	JB	PPC/4
	JB	II/1
	JB	II/1-1a
	JB	II/2
	JB	II/3-4b
	JB	XI/1-1f

Summarize the results of Allowable Costs testwork.

Auditor reviewed audit report to determine solvency. The agency was given an unqualified opinion on the audit for the year ending June 30, 2004. The following information was taken from the audit report June 30, 2004. The auditor noted Note # 9 of the audited financial statements that cited related party transactions between the agency and two project entities, Community Care Associates, Inc. and Partners in Care, Inc. Comcare, Inc. acts as the management agent for both of these projects and is paid a monthly management and bookkeeping fee for those services. Further, Comcare purchases prescription drugs from a pharmacy owned by a board member. The audit listed the fees and receivables related to the management and bookkeeping fees and stated that management felt that the purchases of prescription drugs were made on substantially the same terms as those prevailing at the time for comparable transactions with unaffiliated persons. The auditor believes this note represents full disclosure of the related party transactions.

Comcare, Inc.
DMRS Ending 6-30-2005
Review Beginning February 8, 2005

Audit Report Items	As of June 30, 2004
Current Assets (CA)	\$1,037,260.
Current Liabilities (CL)	\$798,006
Net Assets	\$1,388,537.
Current Ratio (CA/CL)	1.3
Ratio of State of Tennessee funds to Total Revenue	95%

Based on the unqualified opinion given in the independent audit report and computed ratios, auditor believes entity is solvent.

The objective of this test is to verify whether the subrecipient complied with all reporting requirements of the program.

XI. REPORTING

1. Refer to documentation relevant to the review of the contract(s) and grantor policy to determine reporting requirements.
2. Identify the specific reports required by the contract or grantor policy.
3. Select a sample of reports to test. Document the selection by listing the reports and the attributes to test. Accuracy, timeliness, adequate support to document that services were provided, are attributes to include.

NA	Initials	WP Reference
	JB	PPC/4
	JB	
	JB	XI/1-1f XI/2-2s

Summarize the results of testing relative to Reporting.

Auditor selected the billing report of December 2004 for the Medicaid Waiver contract and the billing report of November 2004 for the Guardianship contract, for detailed testing. The auditor selected a random sample of 5 clients served under the Medicaid Waiver contract for the review period, which equated to 14% of the total population and 48 clients served under the Guardianship contract for the review period, which equated to 10% of the total population.

***Note:** Auditor requested a copy of the December 2004 billing. This copy was unavailable due to the untimely manner in which some of the representatives submitted billing information. Some of the December 2004 billing information, as of the review beginning date of February 8, 2005, had not been submitted.

For each service testing was as follows:

Medicaid Waiver

PA - Auditor traced from billings to daily Personal Assistance Log, which documents date, shift, staff, activity, how PA assisted client, clients response to activity and family conservator signature as 3rd party verification of service rendered to client. Auditor, further, re-footed the units in Log to verify accuracy of billings.

SE - Auditor traced from billings to Supported Employment charts which by the month document time in and out of service, client served, place of work, name of job coach rendering service and the days of the month when job coach was off of duty. Auditor further traced from the SE chart to 24 hour progress notes in client files.

Transportation - Auditor traced from billings to transportation logs and from transportation logs to attendance sheets for other services that would require transportation and to 24 hour progress notes in client files.

Day - Auditor traced from billing to Vocational & Training Center or Workshop attendance sheets to verify that clients were in attendance. Auditors further traced from attendance sheets to 24 hour progress notes in client files to verify departure and return times. Auditor also re-footed units recorded on attendance sheets to verify accuracy of billing units.

Day 1:1 - Auditor traced from billing to daily progress notes in client file which documents day services rendered in homes. Auditor further traced to staffing pattern of coverage to verify staff who signed the client notes and coverage of required staffing ratio.

Nutrition - Auditor traced from billings to calendar and from calendar to nutritionist notes.

Behavior Analyst - Auditor traced from billings to Behavior Analyst Service Notes, these are summary of assessments which document set behavioral goals for client. Auditor traced from Service Notes to Service Documentation which documents time began and ended, activity of analyst, total units, analyst signature and whether the service was rendered in a on site setting or not. Auditor re-footed units in Service Documentation notes to verify accuracy of billings.

Residential - Auditor traced from billings to residential attendance logs. Auditor reviewed staff timesheets and translated the data from the timesheets to document coverage diagrams for six residences in the selected sample of ten clients from the December 2004 billing.

*** Note: Two of the six residences in the sample had billing codes that were not listed on the current Service Code Listing (62668 RES:COMCARE & 62643 RES:C). Auditor further reviewed related cost plans for required staffing patterns for these two residences and codes. No staffing ratios were published for these two codes in documentation that was available to auditor.**

Guardianship

This contract governed a service area that encompassed a statewide territory which contained many sites, institutional and community, where services were rendered. The auditor selected a random sample from all sites covered under the contract. Auditor requested that off-site representatives copy supporting documentation and overnight to corporate site.

NOTE: Agency has a written and published policy and procedures manual. Page 25 of this manual states "Case Management Notes should reflect general observations, contacts (including all contact names), actions and decisions made on behalf of the client. The notes will be documented with the date and amount of time billed for the service. Notes for meetings and visits will also include the time service began. REF: XI/2a

Comcare, Inc.
DMRS Ending 6-30-2005
Review Beginning February 8, 2005

5. The sub-recipient billed 3.25 units in November 2004 for conservator services rendered to Alice Stills. Auditor could not trace and verify actual conservator services for this period. REF: XI/2f

Questioned Costs \$100.75

6. The sub-recipient billed 4.75 units in November 2004 for conservator services rendered to Lester Carpenter. Auditor could not trace and verify actual conservator services for this period. REF: XI/2g

Questioned Costs \$147.25

7. The sub-recipient billed 16 units in November 2004 for conservator services rendered to Mary Exum. Auditor could not trace and verify actual conservator services for this period. REF: XI/2h

Questioned Costs \$496.00

8. The sub-recipient billed 3 units in November 2004 for conservator services rendered to Robert Eddie McCall. Auditor could not trace and verify actual conservator services for this period. REF: XI/2i

Questioned Costs \$ 93.00

9. The sub-recipient billed 1 unit in November 2004 for conservator services rendered to Judy Mammarelli. Auditor could not trace and verify actual conservator services for this period. REF: XI/2j

Questioned Costs \$ 31.00

Note: These advocacy notes, related to findings #1 thru #9, had no units per service rendered nor any time service began or ended. There was no audit trail.

10. The sub-recipient billed 2.25 units in November 2004 for conservator services rendered to Martha Shane. Auditor traced and verified actual conservator services for this period to be 1.5. REF: XI/2k

Questioned Costs \$ 23.25

11. The sub-recipient billed 2.5 units in November 2004 for conservator services rendered to Yolanda Battee. Auditor traced and verified actual conservator services for this period to be 2. REF: XI/2l

Questioned Costs \$ 15.50

NOTE: Some hours after receiving overnighted advocacy notes for this client the representative faxed another copy of the already received notes. The second copy was altered from the first version to include .5 units on a day that wasn't documented on originally submitted note. REF: XI/2l

12. The sub-recipient billed 2.5 units in November 2004 for conservator services rendered to Regina Short. Auditor traced and verified actual conservator services for this period to be 1.75. REF: XI/2m

Questioned Costs \$ 23.75

Comcare, Inc.
DMRS Ending 6-30-2005
Review Beginning February 8, 2005

The objective of these tests is to identify and test compliance provisions specific to the type program being reviewed. Testwork for this core area may be included with Section I for Activities Allowed or Unallowed. Additional testwork may be performed under this section as needed.

XII. SPECIAL TESTS AND PROVISIONS

1. Design tests for specific grant requirements that are not included in the above testing, if requested.
2. Subcontractor contract compliance
2. Risk Assessment

NA	Initials	VP Reference
	JB	
	JB	XII/1-1f
	JB	XII/2

Summarize the results of the Special Tests and Provision(s) testwork.

Finding

Agency did not comply with contractual requirements governing the utilization of subcontractor agreements.

DMRS Contract 04-467 Section D.5 states "The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the DMRS. Approval by TennCare may be required for subcontracts as specified in TennCare policy. If such subcontracts are approved by DMRS (and TennCare, if necessary in accordance with TennCare policy), they shall contain, at a minimum, Paragraphs A.2b, A.2c, A.2e, D.6, D.7, D.8, D.11, E.2, E.3, E.10, E.12, E.13, E.14, E.15, E.21, E.22 and E.24 of this contract." The contract further states "The Contractor further agrees that it will not subcontract for Medicaid Waiver services under this Contract unless the subcontract contains, at a minimum, the following elements: a thru i as stated in contract.

Agency has several subcontractors rendering various services to clients. These findings are related to two services rendered by subcontractors. One service rendered to clients is a sole source contractor who refused to sign the contract compliant subcontractor agreement. The agency altered the subcontractor agreement to secure the service for clients from the sole source of this service available to agency. The other service provided to agency through the subcontractor agreements in question were for foster care services which required language specific to that service. Agency altered contract compliant subcontractor agreement to accommodate the required language for this specific type of service.

The objective of the test of Title VI is to provide assurance that policies and actions taken by the subrecipient do not exclude any person from employment or participation in the program based on the grounds of race, color, or national origin.

XIII. Title VI

1. Assess Title VI compliance for the subrecipient contracts being monitored.
2. Design and test attributes to ensure compliance requirements are met.
 - a.) **Civil Rights Guide**

NA	Initials	WP Reference
	JB	
	JB	XIV/1

Summarize the results of the Title VI testwork.

Complete End of Review procedures at the end of monitoring.

END OF REVIEW PROCEDURES

1. Conduct a formal exit conference – The document titled **Exit Conference Memorandum** provides guidance.
2. Obtain **Letter of Representation** from the agency.
3. Issue the monitoring report. **The report should be mounted at the front of the workpaper file once approved.**

NA	Initials	WP Reference
	JB	EOR/1
	JB	EOR/2